

15 JAN 1968

MEMORANDUM FOR: Legislative Counsel

ATTENTION :

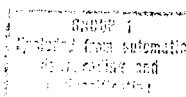
STATINTL

SUBJECT : Senate Bill S. 2778 to Establish a Central Security Office to Coordinate the Administration of Federal Personnel Loyalty Programs, to Prescribe Administrative Procedures for the Hearing and Review of Cases Arising Under Such Programs, and for other Purposes

1. Senate Bill S. 2778 has been reviewed as requested and the following comments are submitted:

a. The Bill by definition states that the objective of the Central Security Office would be to coordinate the administration of Federal personnel loyalty and security programs and to prescribe administrative procedures. It, therefore, encompasses all phases of the Agency's security program, except in Section 2(7), lines 6, 7, 8 and 9 on page 4 it indicates that CIA civilian employees are exempt. That is, the full security responsibility of the proposed Security Office would cover all phases of personnel security, including polygraph and counterintelligence as related to Agency employees; physical security; audio countermeasures; investigations; compartmented information systems and procedures; operational security support; cover matters; responsibility of the DCI to protect intelligence and intelligence sources and methods; and others.

2. More specifically, the following points up our broad area of security concern:



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a. Section 2(7) appears to exempt civilian employees from the provisions of this Bill, however, as used throughout the Bill the full implications are not sufficiently definitive in terms of both current employees and applicants. Personnel security difficulties would arise:

(1) At security hearings in terms of Agency modus operandi.

(2) In handling security and loyalty questions which arise out of government contracts and contractor employee cases. If CIA is not exempt then our current procedures will require drastic revisions and changes.

(3) And be in conflict with the DCI's authority to employ or discharge personnel in the national interest (National Security Act of 1947 as amended).

(4) In personnel screening practices and clearances procedures.

(5) In handling personnel security matters as related to employees of industrial firms and independent contractors, and others.

(6) In relating the new Security Office's requirements to current USIB directives regarding investigations and criteria for sensitive positions within the intelligence community.

b. The provisions of Sections 21 through 25 require the disclosure of procedures and programs which would also be in conflict with the provisions of the National Security Act of 1947 as amended, in terms of protection of intelligence and intelligence sources and methods. Of significance are:

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(1) The Director of the Central Security Office would conduct continuing surveys and inspections of the regulations promulgated and the practices and procedures employed by CIA in carrying out the personnel security and other security programs.

(2) The Director of the Central Security Office would compile and maintain appropriate statistical records with respect to the results of the Agency's loyalty and security programs.

(3) The Director of the Central Security Office would receive, investigate and evaluate complaints made by government contractors with respect to the requirements imposed upon them by CIA.

(4) The Director of the Central Security Office would promulgate regulations for the conduct of officers in addition to employees of CIA in carrying out the duties of this Act. It should be noted that officers are not included in the exclusion in Section 2(7).

(5) The Director of the Central Security Office would perform such other duties as the President may direct with respect to the formulation, administration, supervision, study, and evaluation of loyalty and other security programs.

3. This office would be glad to furnish more detailed information in supporting our position that the CIA security program should be exempt from Senate Bill S. 2778.

[Redacted Signature]

Howard J. Osborn  
Director of Security

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